

## AUDIT REPORT PRESENTATION GUIDELINES

North Dakota Century Code Section 54-35-02.1 provides that the Legislative Audit and Fiscal Review Committee is to:

- Study and review the financial transactions of the state.
- Assure the collection of revenues and the expenditure of money are in compliance with law, legislative intent, and sound financial practices.
- Provide the Legislative Assembly with formal, objective information on revenue collections and expenditures.

### REVISED AUDIT REPORT QUESTIONS

The Legislative Audit and Fiscal Review Committee is considering changes to the "12 questions" required to be addressed by auditors of state agencies, boards, and institutions.

The following is a revised list of questions that could be addressed by auditors:

1. What type of opinion was issued on the financial statements?
2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning?
3. Was internal control adequate and functioning effectively?
4. Were there any indications of lack of efficiency in financial operations and management of the agency?
5. Has action been taken on findings and recommendations included in prior audit reports?
6. Was a management letter issued? If so, provide a summary below, including any recommendations.

### AUDIT COMMITTEE COMMUNICATIONS

To assist the committee in fulfilling the statutory responsibilities, audit report presentations could be

enhanced to highlight key areas and issues that are of interest to committee members. The presentations would be similar to those made by auditors to an "audit committee."

The following is a list of areas that auditors could review with the Legislative Audit and Fiscal Review Committee:

1. Identify any significant changes in accounting policies of any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.
2. Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.
3. Identify any significant audit adjustments.
4. Identify any disagreements with management, whether or not resolved to the auditor's satisfaction, related to a financial accounting, reporting, or auditing that could be significant to the financial statements.
5. Identify any serious difficulties encountered in performing the audit.
6. Identify any major issues discussed with management prior to retention.
7. Identify any management consultations with other accountants about auditing and accounting matters.
8. Identify any high-risk information technology systems critical to operations.

Attached as an appendix is a memorandum that discusses the *Audit Guidelines for State Agencies - 12 Questions*, previously presented to the Legislative Audit and Fiscal Review Committee.

ATTACH:1